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ABSTRACT

Upcoming federal and state changes in welfare and social services will have a profound effect on the delivery of early childhood care and education in Illinois. In October, 1995, the Day Care Action Council of Illinois convened a meeting of early childhood experts and advocates. From this retreat, a vision for a new system of the delivery of child care emerged. This report is a consensus policy initiative proposing fundamental changes to the currently inadequate and complex delivery of child care to low-income families, through the complete elimination of categorical eligibilities teamed with a deep commitment to quality care. The principles of the proposed system fall into the following categories: (1) "access to care"; (2) "access to care/system quality," emphasizing that families should pay sliding fees for child care based on income and family size; (3) "system quality," calling for a rate system that would provide incentives to improve quality; (4) "system quality/system capacity"; and (5) "system capacity," proposing that the child care system be integrated with other early childhood educational and school-age systems with a unified one-stop referral and payment plan. The descriptions for each category of principles include a summary, explanation, and a review of implementation issues. (BGC)

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THRIVING CHILDREN, STRIVING FAMILIES

A Blueprint for Streamlined Delivery of Child Day Care Collaboration Plan

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Infant Welfare Society of Evanston
Jane Addams Hull House Association
Kids Public Education and Policy Project (Kids PEPP)
Lake County Child Care Coalition
Legal Assistance Foundation of Chicago
North Avenue Day Nursery
Voices for Illinois Children
YWCA of Metropolitan Chicago

DAY CARE ACTION
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February 1, 1996

Dear Friend of Child Care:

Looming federal and state changes in welfare and social services will have a profound effect on the delivery of early childhood care and education in Illinois. Illinois' legislated "sunset" of AFDC in 1999 as well as policy proposals such as federal block grants and the re-organization of state human service agencies present Illinois with a golden opportunity to transform its delivery system for subsidized child care.

With these sweeping changes in mind, last October the Day Care Action Council of Illinois convened a meeting of early childhood experts and advocates, including Voices for Illinois Children, Kids PEPP, and Child Care Resource and Referral Agencies. From that retreat, a vision for a new system of the delivery of child care emerged. The attached paper, Thriving Children, Striving Families, is a consensus policy initiative we will promote in the coming year. This proposal makes fundamental changes to the delivery of child care to low-income families through the complete elimination of categorical eligibilities and a deep commitment to the quality of care for young children.

Regardless of the outcome of block grants this year, we will be advocating in various arenas for a child care system such as the one contained in this paper. We look forward to your active support of the principles on which this proposal rests.

Thank you for giving full consideration to this paper. If you have any questions or would like to respond to the paper, please feel free to call Elissa Bassler at (312)561-7900.

Yours truly,

Maria Svihla
Executive Director

Elissa Bassler
Director, Advocacy and Public Education

INTRODUCTION

By creating the Governor's Work Group on Early Childhood in 1994 and affirming its recommendations last spring, lawmakers and the Governor recognized the need to link early childhood education with child day care. The Work Group recommends that the state take steps toward accomplishing a critically important public goal: providing children with "quality" child care that gives them the educational grounding to succeed in school, while giving parents reliable and enriching child care options so that they can work and support their families.

These two key goals, enhancing children's growth and development and supporting parents' ability to work, will once again loom large in decisions that the Governor, General Assembly and citizens of Illinois must make over the next year and beyond. Illinois will need to respond to fundamental and enormous changes in federal assistance to the state for the provision of child care assistance to poor families.

One stated goal of both federal and state welfare reform is to end welfare dependency. Both Congress and the General Assembly recognize the importance of employment in keeping adults off welfare as well as the necessity of child day care for a parent to be able to work. Policy-makers have to recognize the crucial role quality child day care also plays in preventing children from becoming welfare dependent as adults. Developmentally appropriate care and education in the early childhood years has an impact on a child's intellectual growth, performance in school, and later earning potential. Responsible adult supervision outside school hours is vital.

Three critical components of the delivery system for state assistance with child day care costs for low-income families must be addressed in the near future: **access to care, system quality, and system capacity**. In light of possible changes in federal law, these are exactly the areas Illinois will soon need to address. Since the current delivery system has many deep flaws, the state should look at the federal changes as an opportunity to revolutionize the system to truly meet the needs of children in care and families who work. Illinois suddenly has a golden opportunity to examine the basic elements of our child care and education delivery system: who qualifies for assistance; how much the state pays for it; what share families pay; and how we maintain and expand on the infrastructure that supports the system.

The following vision for a new delivery system for child care addresses the system issues of access, quality, and capacity. The principles of this new system each fall into one or more of these categories:

PART 1:
ACCESS TO CARE

I. State assistance in paying for child care shall be available to all families at or below 60% of median income regardless of their history with the public aid system. Families shall receive child care assistance for their children 12 and under if the parent(s) are working, looking for work, or participating in education or training for as long as their income and children's ages make them qualified;

PART 2: ACCESS TO CARE/SYSTEM QUALITY

II. Families should pay sliding fees for child care based on their income and family size. Two or more children in care will raise the family's co-payment;

PART 3: SYSTEM QUALITY

III. The state will have a rate system that creates incentives to improve quality and allows parents to have the full range of choices among child care providers. The rates should be structured in three tiers: 1) An enhanced rate for higher quality facilities and families with special needs; 2) A basic rate for licensed care set at the 75th percentile of the local market rate (determined through biennial market survey); and 3) A license-exempt rate;

PART 4: SYSTEM QUALITY/SYSTEM CAPACITY

IV. The state will continue and/or begin to allocate funds to quality and supply building that improve quality and increase supply to create a system of early childhood education and care programs. These quality and supply building activities include: increasing the supply of child care through capital development and recruiting; building a child care work force through training and other programs; promoting parent education; creating a strong licensing and monitoring system; and through performing a CANTS (Child Abuse and Neglect Tracking System) and health check on license-exempt providers paid by the state;

PART 5: SYSTEM CAPACITY

V. The child care system must be integrated with other early childhood education systems and school-age systems. A unified one-stop referral and payment system must be established that utilizes both contracts and vouchers for child care; and

VI. The state will exempt families with children under age one who are receiving public assistance from mandatory work requirements because there is a severe shortage of infant care.

THE CURRENT DELIVERY SYSTEM

The current delivery system is needlessly complex for families and fraught with inequities. It is a consequence of having built the system over many years, adding new programs as they were created, addressing new needs as they arose, meeting new federal categorical eligibility requirements as they were developed, and so on.

As a result, there are now a total of eight funding streams in two departments, three in the Department of Children and Family Services and five more in the Department of Public Aid. Nearly $220 million in federal, state, and local funds will be spent on these programs in FY 1996.

To a large extent, the DCFS "employment-related" child care programs all have the same income eligibility requirements and families cannot discern the differences among programs. These programs generally serve working poor families up to 75% of state median income; eligibility is determined entirely by a means-test and the child's age. These eligibility criteria serve the dual purpose of ensuring that children have the consistent care, so important to their development, and that their parents can rely on care continuing so that they can complete their education or remain in the work force. The downside of these programs is that 20,000 to 30,000 low-income working families are on waiting lists for assistance. Moreover, few of these slots are available for infants and toddlers or during non-traditional work hours. While parents wait in perpetuity, they may be forced to put their children in harmful care or quit working and go on welfare.

In the Department of Public Aid, there are many more categorical eligibility requirements, but these programs are guaranteed to every family who meets the eligibility requirements. For those families not on welfare, the income eligibility requirements are the same as DCFS programs. This is in contrast to the "throw the dice" qualities that characterize who does and does not receive DCFS employment-related child care assistance. Two DPA programs, IV-A "At-Risk" and the Donated Funds Initiative, mirror DCFS' programs for working poor families in that assistance is not time-limited by the families' participation in a particular program. The other funding streams are linked specifically to families' status relative to public aid. However, the variety of categorical eligibilities inhibits the receipt of consistent care. Some programs are administered by caseworkers and end when a specific component of the JOBS program is completed; others have only earned income eligibility standards with no time limit as long as a family remains on public aid. Child care assistance for other families who have achieved the goal of leaving welfare is limited to one year. These categorical eligibilities may thus force families to repeatedly change child care arrangements and/or cycle into and out of the welfare system simply to qualify for child care assistance.

While Congress and the President have not yet finalized changes in federal funding to states to provide child care assistance, it seems clear that the over-arching theme of the proposals is to remove categorical eligibility requirements and give states flexibility in crafting their own programs. The only remaining "string" on states providing child care assistance with federal funds will be an upper limit on income eligibility. The drawback to the new federal program(s) will be that funding levels will fall short of increased demand caused by many families who will go to work under welfare reform. The funding levels will also fall short of the need of many other children in low-income working families who may or may not have a history with public aid.

However, if we invest new state funds, this new flexibility is good news for low-income children, working parents and taxpayers. Illinois can take advantage of this new federal flexibility by redesigning our system to rectify the administrative complexity and inequities of the current system.

In the proposed system described below, Illinois would marry the advantages of the DCFS and DPA programs, and eliminate the disadvantages of both in order to meet the dual goal of the system: giving the children the grounding they need to flourish, and helping parents be productive and stable workers. This proposal seeks to eliminate the deep inequities among essentially similar children who do and don't get their child care underwritten by the state. In addition, this proposal outlines remedies for other problems that currently exist in the child care system with regard to the three central issues of delivery of child care: access to care, system quality, and system capacity. It maintains the advantage currently found in both DCFS and DPA programs - - eligible children can access a higher quality of care than the family could afford without assistance. In addition, as in the current *DCFS programs*, a child that enters the care system can receive uninterrupted care, and low-income families can count on not having to quit work because their child care assistance runs out. As in the current *DPA programs*, any eligible family in which the parent(s) are working or preparing to work can access care if they need it.

The proposal below outlines six principles upon which we recommend a new delivery system for child care be based. For each principle, we detail key reasons why it is important. We then explore some issues and questions that will be raised by changing the delivery system for child care; we call these "implementation issues."

PART 1: ACCESS TO CARE

1. State assistance in paying for child care shall be available to all families at or below 60% of median income, regardless of their history with the public aid system. Families shall receive child care assistance for their children 12 and under if the parent(s) are working, looking for work, or participating in education or training for as long as their income and children's ages make them qualified.

The fundamental opportunity that the change in federal programs allows is the elimination of all categorical eligibilities. The state must eliminate the nonsensical categories foisted upon it by multiple programs. Using family income and work force status (i.e. working, in education, training, or job search) as the sole determining criteria for eligibility, and making care available to all eligible families, would solve the following problems:

- Significantly reduce disruptions in the child's care as the family moves from one category to another;
- Ensure that the lowest-income working, taxpaying families are not forced to quit their jobs because they can't afford child care;
- End the years-long wait for assistance with child care costs for tens of thousands of low-income working families; and
- Eliminate the double standard that guarantees child care for working families on or just off public aid, but not to those who may or may not have ever needed cash assistance.

Just as the federal government says to all middle-income families "we will give you financial assistance (through the dependent care tax credit) to help you pay for child care," the state should use its federal and state funds to say to all it's low-income families "we will give you financial assistance (through the child care assistance program) to help you pay for child care."

It is crucial that Illinois not make a serious mistake by limiting assistance with child care to families it wants to help leave welfare -- assistance with child care costs for low-income working families is one of the key supports that help families stay **off** welfare. If child care assistance is not made available to all low-income working families, the state will force struggling families who otherwise might not seek assistance to go on welfare in order to get the child care benefit. This will serve to exacerbate the cycling on and off welfare by families, and send the message that the state cares only about short-term numerical reductions in the welfare rolls, rather than about supporting work and self-sufficiency.

The state of Wisconsin, often cited as a leader in welfare reform, has recently recognized that in order to create an equitable child care delivery system, and to support work over public aid, it must offer universal access to child care assistance to low-income working families.

Wisconsin's plan, like the one proposed herein for Illinois, costs more than their current system. The state, however, recognizes that the investment in early childhood care is a cost effective strategy over the long-term.

We have chosen to determine eligibility based on state median income rather than the federal poverty standard for several reasons. First, it allows us to determine who is low-income among Illinoisans rather than among all people in the United States. Additionally, it maintains the relationship between the current and proposed eligibility standards. Finally, using median income will let us explore the possibility of determining eligibility based on regional cost of living or incomes within Illinois.

Implementation Issues

1. One way to reduce the cost of this new system might be to regionalize income eligibility. There are significant differences in the cost of living in different parts of the state, and a family of three making $22,000 in one area might be significantly better off than a family with the same income in another area. *We therefore recommend exploring whether regionalizing income eligibility save funds, because if so, it more accurately reflects a family's need relative to the economy and community in which they live and would allow the state to serve more families with a higher quality of care.*

2. The question of those families who are now receiving services, but whose incomes are too high to qualify under the new system (those families between 60% and 75% of DCFS state median income measures) also must be addressed. *We recommend that families currently in the system who are above the new income eligibility threshold be grandfathered into the new system until their service eligibility would have ended under the current system.*

3. Currently low-income teen parents in school are prioritized to receive assistance with child care. Teens who are involved in a structured activity such as school are much less likely to have a second child in short order, and also more likely to be self-sufficient in the long-term if they have a high school diploma or GED. Since it is clearly in our state's interest to have teens finish school, *we recommend that all teen parents who are going to school (or GED programs) be eligible for assistance with child care costs.*

4. Because it is critical to a child's development that disruptions and changes in care be minimized, we also recommend changing the way eligibility is redetermined. Instead of redetermining eligibility every six months, *we recommend that all families' eligibility be redetermined once a year, either coinciding with the school year for center-based care or on their anniversary date for vouchered care.* This would enhance the continuity and stability of care for both the children leaving care and those continuing care by transitioning children who no longer qualify out of the system at less disruptive intervals as well as reduce administrative costs. Families should be obligated to inform the provider if there is a significant increase in household income over the year.

5. We propose the 60% of median income standard in order to provide child care assistance for a greater number of low-income families than are currently being served. If funds are available, however, *we recommend raising the income threshold to 75% of state median income.*

PART 2: ACCESS TO CARE/SYSTEM QUALITY

II. Families should pay sliding fees for child care based on their income and family size. Two or more children in care will raise the family's co-payment.

We believe that all eligible parents should be expected to contribute to child care costs through a sliding fee scale that requires a larger portion of the cost be paid by the family than under the current system. In addition, unlike the current system, a family's co-payment should also increase if they have two or more children in care. These increased fees will allow for a larger number of families to be served, and will allow the state to increase child care rates to expand families' choices of providers and improve the quality of care that low-income, at-risk children receive.

The increased fees, however, must remain affordable to families with limited resources. Thus, for the poorest families the fee must be nominal, and the fee for additional children in care should reasonably allow larger families to access care. Currently, families who are on AFDC and are working or in training pay no co-payment (if they receive their care through the Department of Public Aid). For those families who do pay fees, no matter how many children a family has in care, those families at the lowest end of the income scale pay twenty-five cents per week, while those at the high end of the scale pay no more than $62 week.

Many families, and most child care providers, feel that the low end of the scale is too low -- families paying a quarter per week are embarrassed by the "nickel and dime" co-payments, and often pay several weeks at a time. For providers, the administrative costs and headaches of accounting for twenty-five cent co-payments far outweigh the benefits of collecting them. At the high end of the scale, families find that they face a huge "cliff" when they are no longer income-eligible for assistance. For instance, a family with three

children in care pays $62 week for all the children. If they then become ineligible for assistance, they could be faced with child care costs exceeding $250-$300 a week for the same three children.

Therefore, we are recommending that both the bottom and the top of the co-payment scale be raised, and that a family's co-payment be increased if they have two or more children in care.

Implementation Issues

1. A new sliding fee scale will have to be developed that accomplishes the following: keeps fees reasonably within a low-income family's means; reflects the market reality of higher costs for more children in care; creates internal fairness among families receiving care (a family with two children in care pays more than a family of the same size with one child in care, even if their incomes are the same); and mitigates the "cliff" effect at the high end of the scale. Incremental increases in fees must be commensurate with changes in income and number of children in care. In addition, the high end of the scale will be constrained by the state's rates for child care. If the highest co-payment exceeds the lowest state rate, it would effectively eliminate otherwise eligible families from some types of care.

2. Because some families' fees may be significantly increased, *we recommend that new fees for families currently receiving services be increased gradually over a period of six months or a year.*

PART 3: SYSTEM QUALITY

III. The state will have a rate system that creates incentives to improve quality and allows parents to have the full range of choices among child care providers. The rates should be structured in three tiers: 1) An <u>enhanced</u> rate for higher quality facilities and families with special needs; 2) A <u>basic</u> rate for licensed care set at the 75th percentile of the local market rate (determined through a biennial market survey); and 3) A license-exempt rate.

Children's experiences in their early years are absolutely critical to their later success in school and as workers. Studies have proven again and again that a high quality early childhood experience leads to a higher rate of high school graduation, less welfare dependency, more self-sufficiency, and less criminal activity. That is why it is crucial to children and to the state's and taxpayers' long-term interests that we make this investment <u>now</u>. By providing the opportunity for low-income children to access care that promotes their development, while also striving to expand the supply of educationally enhanced child care, this investment will pay off.

We are suggesting this three-tiered rate system in order to: ensure expansion of an "education plus care" model as outlined by the Governor's Work Group on Early Childhood; safeguard against the deterioration of the quality of licensed care and; pay a fair rate to friends and family members who care for the children of working parents who cannot, or choose not to, access formal, licensed care.

The Governor's Work Group on Early Childhood recommended a higher rate for higher quality child care services, recognizing the public good of offering incentives to providers to enhance child care with educational components and comprehensive services. In addition, the recommendation acknowledges that child care enhanced with education and additional services costs more to provide and should be valued by the state when it purchases care. However, providing appropriate care and education to children with special needs is also more expensive for child care operators, and, in order to offer such children access to quality services, the state should provide for an enhanced rate for these children as well.

The Governor's Work Group on Early Childhood report makes a recommendation to address the issue of the quality of state assisted child care in general as well. The Work Group recommends increasing appropriations to raise the state rate for care for all providers accepting families who receive assistance with child care costs. As the Governor's Work Group on Early Childhood Report to the Governor and General Assembly states, "the child care subsidy program is built on the principle of parent choice. However, rates are so low that almost half of all child care providers in the State will not accept subsidized families -- thereby limiting parent choice. Indeed, rates are so low that child care staff often qualify for [child care subsidies] themselves. . . . The Illinois Department of Public Aid surveys legally-operating providers every two years [to determine the 75th percentile of local market rate as currently required by the federal government]. That "market rate study" demonstrates that subsidy rates may be as much as 30% below the [75th percentile of the] market rate for some types of care. Meeting this standard would increase parents' choices and would allow them to purchase more of the better-quality care on the market."

Further, the large increase in demand for child care that will result from expanded work requirements for recipients of welfare under welfare reform proposals will make such an increase in rates imperative. Currently, less than half of providers in the state are able to accept the low state child care rates. Welfare reform will not work if recipients cannot find child care.

Current rates are so low that they often allow for little more than custodial care - - keeping low-income children physically safe while their parents work. The supply of good care for such children is definitely diminishing; even community agencies dedicated to serving low-income families are closing classrooms and serving fewer such children. For example, the YWCA recently closed four classrooms for low-income children in DuPage County because the state rates made it impossible for the agency to find teachers

at the salaries it could afford. Other programs, particularly for infants, are closing throughout the state. Even if providers can attract applicants for its teaching positions, often such candidates are barely qualified and inexperienced, which can harm the children; if good teachers are hired, they often move on quickly because wages are so low. High teacher turnover (nationwide turnover is about 40% every year), is extremely damaging to young children, who need consistency of care offered by caregivers whom they can trust.

These issues suggest that even though we are continually learning more about the importance of the early childhood years, the quality of care available may be steadily deteriorating. While the state must promote child care enhanced with education and comprehensive services, any licensed care provided by the state to low-income children must at least promote development. In order to do this, facilities must have the resources to attract and retain qualified staff, offer competitive salaries, and purchase adequate supplies and materials to engage and stimulate children.

For these reasons we urge not only that the enhanced rate be adopted for both day care centers and licensed family day care homes, but also that the Governors' Work Group Recommendation regarding payment of the 75th percentile of market rates be followed for licensed rate. Additionally, a lower, but fair, rate must be set for license-exempt care (which is difficult to survey accurately in the market rate study).

Finally, the new system should continue to support all types of care, including both out-of-home and in-home license-exempt care. These types of care are critically important to low-income workers because of the current lack of supply of licensed care in many low-income neighborhoods and the general lack of care for children of parents working non-traditional hours. According to a recent study by the Department of Labor, in 1991 one in five full-time workers worked non-standard hours, and the trend toward non-standard hours is continuing. In addition, women accounted for more than a third of workers in jobs with non-standard hours, and the fastest growing percentage of shift workers is in service industry jobs traditionally held by women.[1]

Implementation Issues

1. A process must be developed to determine the components of higher quality care which will qualify for the enanced rate. *We recommend that the process include involvement by citizens and experts in early childhood, and that it be undertaken during the first half of FY1997, with implementation of the enhanced rate scheduled to begin in January of 1997.*

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[1]U.S. Department of Labor, Women's Bureau, Care Around the Clock: Developing Child Care Resources Before Nine and After Five, 1995.

2. We also *recommend a phase-in of the "basic rate" over a three year period as recommended by the Governor's Work Group on Early Childhood. Such a phase-in should be accomplished by requiring, in law, that the state pay the 75th percentile of market rate as determined through a biennial market rate study. The first study should be conducted during the current fiscal year (FY1996), and one-third of the increase should be implemented at the beginning of FY1997, another third at the beginning of FY1998, and at the beginning of FY1999 the rate should be set by the FY1998 biennial study.*

3. Currently there are two "Cost Areas" in Illinois which receive different rates to reflect differences in the cost of care. The two cost areas cause some distortion in state rates. In some parts of far Southern Illinois, providers cannot even accept the state rate because the private market will not bear a rate that high (and providers cannot charge the state more than they can charge private paying clients). Yet in other areas, notably larger cities outside the Chicago metropolitan area (Champaign/Urbana, Peoria, etc.) the lower "cost area" rate that they receive is depressed by the rural and small town markets with which they are grouped. *We therefore recommend that the market rate study reflect smaller, more finely defined markets within the state.*

PART 4: SYSTEM QUALITY/SYSTEM CAPACITY

IV. The state will continue and/or begin to allocate funds to quality and supply building activities to create a system of early childhood education and care programs. These quality and supply building activities include: increasing the supply of child care through capital development and recruiting; building a child care work force through training and other programs; promoting parent education; creating a strong licensing and monitoring system; and through performing a CANTS and health check on license-exempt providers.

The current child care system has deep problems with the supply of child care in general and quality care in particular. The demand for care is greater than the supply of licensed care. In Illinois, there are licensed child day care slots for only 22% of children under the age of 5, while 40% of children will need care. As more and more people go to work, the state clearly must invest in recruitment and training of providers. We must also commit more funds to leveraging private investment in expanding the supply of child care through capital development projects such as the several state-of-the-art centers recently built through a partnership among DCFS, the Illinois Facilities Fund, and community agencies. Such a development campaign also must include increasing the supply of child care at or near high schools and where GED programs are offered in order to address the special needs of teen-aged parents.

The supply of licensed care, of course, does not say anything about the quality of the available licensed child care. The state must continue to invest in its successful market-driven approach to quality improvement: educating parents to demand quality care. Studies have shown that parents tend to overestimate the quality of child care arrangements.[2] Without educated consumers, we cannot expect the market to improve quality in child care and weed out poor quality care. The state must find ways to empower parents to choose quality care for their children.

Studies of both family day care and child care centers have found that teacher education and training are one of the most highly correlated factors with promotion of children's development. Training and technical assistance must be provided to child care providers. Further, we urge that the state make new efforts to attract and retain educated and trained people in the field of early childhood care and education.

The state's network of Child Care Resource and Referral (CCR&R) agencies currently performs many of these quality and supply-building functions. The Child Care Resource & Referral agencies provide information to parents on how to assess the quality of a child care provider in whom they are interested. Statewide in 1995, the CCR&R agencies counseled and provided referrals to over 36,000 families. The agencies also have a major impact on the recruitment and training of child care providers. In 1995, nearly 30,000 participants attended training sessions and 4,000 providers received scholarships from the CCR&R for other education and training. These important functions must continue to be funded by the state in order to enhance the quality and availability of care.

Finally, we have deep concerns about the state's current oversight activities. We know that in order to prepare children for school and life, early childhood programs must enhance their educational, emotional and social development. But, even more basically, the state is legally and morally obligated to make efforts to ensure their basic health and safety; this is the floor below which facilities should not be allowed to operate and on which quality must be built. All families in Illinois should be able to rely on the word of the state, as represented by a child care license, and know that the provider meets at least minimum health and safety standards. Yet, the state's current oversight of providers it has licensed is haphazard, inefficient, and does not ensure health and safety. Further, no checking of any sort is currently done on the license-exempt providers whom the state pays for child care services. Rather, license-exempt providers must only self-certify that they are not child abusers and are in good health. These issues must be addressed in a new delivery system.

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[2]Suzanne Helburn, et. al., Cost, Quality, and Child Outcomes in Child Care Centers, 1995.

Implementation Issues

1. A consortium of early childhood experts and advocates has developed basic principles to streamline and professionalize the DCFS licensing system. Adopting procedures that implement these principles would help DCFS to eliminate inconsistencies in licensing enforcement by: ensuring that licensing representatives are qualified and trained to support efforts to maintain health and safety; make operations more efficient and streamlined (which would perhaps save money); and improve DCFS' ability to track licensing violations and weed out dangerous providers. *We recommend that the state continue to work with the advocates and experts to improve, streamline and professionalize its oversight responsibilities with regard to child care providers to whom it issues licenses.*

2. As explained above, the state must institute some sort of check (beyond self-certification) in order to determine that state-paid license-exempt providers do not represent a physical danger to the children for whom they care. The state could adopt procedures ranging from an initial visit to the home to conduct a health and safety check to asking that the provider get a health clearance from a physician, to checking the provider against the Illinois' Child Abuse and Neglect Tracking System (CANTS). Because the current licensing system cannot even adequately perform monitoring on licensed providers, nor can a new system afford to send agency staff to all license-exempt providers, we are not recommending home visits at this time. It should be noted that Wisconsin is implementing home visits. However, *we do recommend that license-exempt providers that wish to receive state dollars be checked against CANTS to ensure that we are not paying child abusers for child care, and that they be required to get a physical to ensure that they are free of communicable diseases such as tuberculosis.*

PART 5: SYSTEM CAPACITY

V. The child care system must be integrated with other early childhood education systems and school-age systems. A unified one-stop referral and payment system must be established that utilizes both contracts and vouchers for child care.

In order to expand the capacity of the system, as well as to simplify administration, the state must develop the "mega-computer" currently being planned for by DCFS. This computer system is conceived of as a means to solve several administrative inefficiencies and overlaps. Currently, a family seeking to access the early childhood care and education system must make contact with a number of agencies, both state and community, to find out about services for which they are eligible and the availability of such services. In addition, if there are waiting lists for services, the family must put their children on such lists in all the agencies that offer the service. The new system would reduce the inefficiency of this process by keeping a centralized waiting list, which would retain the priority status for families with special needs and very low-income families.

The state could use the new system to maximize the impact of funding by directing the family to the service which is most appropriate and uses the most efficient funding stream. For example, Head Start is fully federally funded, and eligible families should participate in that program if it meets their other needs (work schedules, etc.). An integrated system would automatically move a family to more appropriate funding streams as their eligibility for programs changes.

Further, state dollars under the new system proposed herein could be maximized by integrating the system with other state and federal early childhood programs already in place. Following the lead of Head Start, Illinois could develop an expanded State Pre-Kindergarten program to meet the needs of today's families with programs that are full-work day, full-year. Strong efforts should be made to encourage collaboration in order to integrate care and education for school-age children as well. The state can and must integrate the new system with local after-school systems in public schools, libraries, and park districts.

For state-funded child care programs, the state must continue to offer a dual payment system of "contracts" (site-administered programs) and "vouchers" (client-based programs). The contracts that the state currently has with child care centers and family day care networks are key to maintaining the stability of the supply of care. When the Department of Public Aid stopped contracting with child care centers in the late 1970's, many of the centers which formerly had a contract with DPA closed their doors. The contracts with child care centers help to protect the stability of the supply, especially in low-income neighborhoods; contracts also have a high correlation with quality. The study mentioned above about the quality in centers found that "quality is higher in centers that have . . . outside funding that they use to increase quality." Non-profit centers with contracts are able to leverage private philanthropic dollars and other local public funds to enhance their services.

Of course, many families cannot, or do not want to, utilize such contracted child care facilities. Their reasons may range from fear about strangers taking care of their children to jobs that have non-standard hours when such facilities are not open. In order to enhance parents' choices and flexibility, the state must also continue to offer clients "vouchers" to pay for child care.

Such a dual payment system is key to enhancing parent choice, yet in the current system it does little to enhance efficiency. For this reason, we are recommending that the state develop a one-stop payment and referral system that would direct families to the most cost effective funding stream and allow families to contact just one (local) public or private agency to access assistance with child care costs. If they desire care in licensed family day care, license-exempt care, or a center without a contract, the local one-stop agency would issue a voucher. If the family desires care in a center with a state contract, the one-stop agency would be able to determine whether space is available; and if not, would put them on a waiting list for services at that center. Such a family would get a

"voucher" in the meantime. A one-stop referral and payment system would also give child day care providers the simplicity of one agency to contact for approval and processing of payments.

Implementation Issues

1. The choice of which agency or agencies should provide the one-stop referral, contracted care, waiting list services to the families, and payments to providers, and/or manage the mega-computer data must be addressed. *We recommend that because the Child Care Resource and Referral Agencies already provide referrals, counsel parents on eligibility, maintain data on child care providers, and administer some state child care programs, that these functions continue to be privatized in the Child Care Resource and Referral system.*

2. Provision must be made to ensure services continue for the current priority populations of special needs children and teen parents.

> ***VI. The state will exempt families with children under age one who are receiving public assistance from mandatory work requirements because there is a severe shortage of infant care.***

While the federal "welfare reform" bill is not yet finalized, the Senate's proposal allows states to exempt families with children under age one in determining how many welfare recipients must meet mandatory work requirements. Such an exemption, of course, would not prevent a new parent from voluntarily going to a training program or work, and the state must clearly provide child care assistance to those eligible parents with infants who choose to work. However, because the supply of infant care is extremely limited and expensive, we recommend that the state exempt these families from mandatory work requirements. (Currently, Illinois opts to exempt parents with children under age three from participation in the JOBS program).

Implementation Issue

The supply of quality care for toddlers is also limited, and the state could choose to continue to exempt all parents of children under age two or under age three from mandatory work requirements.

CONCLUSION

In recent years, Illinois has emerged as a national leader by making major new commitments to improving the quality of child day care (the Governor's Work Group on Early Childhood and the development of a network of Child Care Resource and Referral agencies) and supporting work for low-income families by providing ongoing child care assistance (Work Pays/Direct Pay Child Care). With new flexibility from the federal government, Illinois will soon have a unique opportunity to carry out the vision for change that these two initiatives began. We offer here a blueprint for action that, if embraced, would vastly improve the lives of low-income children and families.

By broadening the base of families who are able to receive assistance, working poor families will be able to access state-assisted child care, thus eradicating a critical barrier to work and self-sufficiency.

By raising the state rates, promoting informed parent choice, and offering incentives for provider training and licensing, the state can take an active role in ensuring the quality of early childhood care and education.

By making the investment in capital development and recruitment of providers, while recognizing limitations in terms of infant and toddler care, the state can improve the capacity of the child care system.

Illinois will have challenges to face in implementing new federal laws. As advocates for access to quality child care, we would welcome the opportunity to share our expertise and work in partnership with policy makers to discuss and improve on the concepts put forth in this proposal. We encourage the state to work closely with us in generating the data necessary to develop detailed analyses of this proposal, such as parent co-payment schedules and cost estimates.

We know that Illinois must build on its past success by continuing to invest new resources to bring the vision contained here to fruition. Such new investment is absolutely essential to helping our children thrive, and to helping striving Illinois families become and remain more self-sufficient.

Thriving Children, Striving Families

is endorsed by: *(list in formation)*

CHASI-Child Care Resource & Referral Service (Granite City)
Chicago Jobs Council
Child Care Resource and Referral (John A. Logan College, Carterville)
Child Care Resource and Referral (Will County)
Illinois Facilities Fund
Illinois PTA
National Association of Social Workers, Illinois Chapter
National Council of Jewish Women
Public Welfare Coalition
Women Employed Institute
Women's Self-Employment Project
YMCA of Metropolitan Chicago
YWCA Child Care Resource and Referral of Rockford